

# Michigan Sustainable Energy Coalition

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Testimony by

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The Michigan Sustainable Energy Coalition (MSEC) is made up of renewable energy developers, environmental groups, agricultural interests, labor unions and others related to the growing business of renewable energy. We believe that now is the time to begin meeting future energy demands with a growing mix of sustainable and renewable energy resources. At the same time, we acknowledge that some fossil-based systems may be necessary into the future.

Advancing a plan for renewable energy in Michigan will provide us with energy security, energy diversity, a healthier environment and a boost to badly needed economic development.

This is why the Michigan Sustainable Energy Coalition supports the adoption of at least a 10% Renewable Portfolio Standard (RPS) by the end of 2015 for Michigan. These standards are contained in Senate Bill 213 sponsored by Sen. Patty Birkholz (R-Saugatuck) and House Bill 4562 sponsored by Rep. Frank Accavitti (D-Eastpointe).

Some have said we don't need mandates but, in practice, energy companies are not responsive to goals and incentives alone; they must be required to purchase or generate a certain percentage of their energy from renewable sources as they are in 21 states representing 53% of the 2005 U.S. population.

Michigan stands to gain much economically and environmentally when it adopts an RPS. An RPS will effectively and immediately create a significant market for renewable energy projects in Michigan. This will provide the following critical benefits:

- **Attract investment capital.** A single typical 100 MW wind "farm" in a rural area with sixty-seven 1.5 MW turbines means an investment of roughly \$200 million.
- **Create local jobs.** For each typical 100 MW wind development project, approximately 300 construction and 6 permanent jobs are created.
- **Lower energy costs.** Like many other commodities, energy costs are highly related to scale. The larger the scale, generally, the lower the cost of energy generated. In today's market, nearly all large-scale renewable energy projects are occurring in states with Renewable Portfolio Standards.
- **Accelerated diversification of the manufacturing sector.** Many renewable energy technologies such as wind turbines can be readily built in Michigan. We presently

have 35 companies who are manufacturing components for wind, solar and other renewable power equipment. We can build on this manufacturing base to make Michigan a manufacturing leader in renewables.

- **Lower energy cost volatility.** Unlike costs of fossil fuels, which are volatile and trending upwards, much of renewable energy fuel is free (wind) and not subject to price instability. 1 cost increases have been 110% for coal, 100% for natural gas, 0% for solar and 0% for wind.
- **More energy dollars stay in Michigan.** Today, Michigan spends over \$20 billion per year to import fossil fuel for electrical generation.
- **Greater energy security.** The costs of natural gas, oil, and coal are increasingly subject to geological, economic and political factors outside of Michigan's control. In an uncertain world, Michigan's energy security will be enhanced as an RPS encourages development of renewable power sources within Michigan.
- **Reduced environmental protection and health care costs.** Coal-fired power plants generate significant emissions into our unique Great Lakes environment. Reduction in coal used to produce energy will enhance our natural resource base
- **Avoided health care costs.** The Michigan Public Service Commission estimates that Michigan will save over \$66 million in public health, Medicaid and Medicare costs, with cleaner air and water, as we shift to renewable power.
- **Enhanced management of potential climate change costs.** Michigan's coal-fired power plants contribute roughly 33% of the state's total CO<sub>2</sub> emissions. Indeed, the electrical generation sector is the largest single Michigan contributor to CO<sub>2</sub> emissions.<sup>1</sup>
- **Assist the Farm Community.** Rural landowners can reap the benefits of providing an available biomass or the land necessary to site wind energy facilities. It is estimated that Michigan farmers will realize an income benefit of hundreds of millions of dollars.
- **Entrepreneurial Economy.** This initiative will broadly stimulate the creation, retention, expansion and attraction of entrepreneurial green businesses seeking to research, develop and commercialize breakthrough renewable energy technologies, resulting in the creation of a robust entrepreneurial economy in Michigan.

Thank you for this opportunity to explain the position of our coalition on a 10% mandated RPS in Michigan by the end of 2015. We look forward to working with you to put Michigan in a position to reduce some of the \$20 billion we spend on imported fuels each year. If you have any questions or would like to discuss the RPS for Michigan, please feel free to call.

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<sup>1</sup> Michigan Greenhouse Gas Inventory 1990 and 2002. Center for Sustainable Systems, University of Michigan. April 8, 2005. Report No. CSS5-07. p. ES3.